



U.S. Department of Justice
United States Attorney
Western District of New York

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PRESS RELEASE

January 14, 2005

RE: UNITED STATES v. MARCELLUS HORTON

United States Attorney Michael Battle announced today that MARCELLUS HORTON, age 38, of Eaton Street, Lackawanna, New York, pled guilty before the Hon. John T. Elfvin, United States District Court Judge, to a one-count felony information charging him with mail fraud, in violation of Title 18, United States Code, Section 1341, carrying a maximum penalty of 5 years imprisonment, a fine of \$250,000.00, or both.

Assistant U.S. Attorney John E. Rogowski, who handled the case, stated that the defendant admitted that he arranged with owners of several cars to stage accidents involving the owners' cars and rented "U-Haul" vehicles. The defendant arranged to have a confederate rent a truck from a "U-Haul" agency. The person who rented the "U-Haul" would purchase accident insurance through U-Haul with Republic West Insurance Company. The defendant would then arrange to have the person driving the "U-Haul" truck

intentionally strike a car owned by the defendant or another person cooperating with the defendant. In some instances, the car struck by the "U-Haul" had pre-existing damage. The person who rented the "U-Haul" would report causing the staged "accident" to "U-Haul," and the car owners would then file an insurance claim with Republic West Insurance Company. The car owners would then file a claim with their own insurance company claiming that their car had been damaged by an unknown vehicle in a "hit and run" incident. As a result, the car owners fraudulently collected proceeds from two insurance companies based on the staged "accidents." The defendant received a share of the proceeds for arranging the "accidents." Republic West, State Farm Insurance and Nationwide Insurance companies paid approximately \$23,690 to HORTON and his associates before the scheme was uncovered.

The plea was the result of an investigation on the part of the New York State Police, United States Postal Investigation Service and the New York State Insurance Fraud Bureau. Charles Bardong, Director of the New York State Insurance Fraud Bureau, advised that MARCELLUS HORTON is the second person convicted as a result of the investigation and that the investigation is continuing.

Sentencing is scheduled for April 15, 2005, at 1 p.m. in front of Judge Elfvin.